

## Sales Tax Frequently Asked Questions

**How do I obtain a Transaction Privilege (Sales) Tax license?** Gilbert participates as a "Program City" with the Arizona Department of Revenue (ADOR). Therefore, you must complete a [joint tax application](http://www.azdor.gov/LinkClick.aspx?fileticket=NhqEr38FAA%3d&tabid=264&mid=868) (<http://www.azdor.gov/LinkClick.aspx?fileticket=NhqEr38FAA%3d&tabid=264&mid=868> please link) to receive a Transaction Privilege Tax number. This may be done online or you may pick up an application at the Department of Revenue's East Valley location (link to this (<http://www.azdor.gov/ContactUs/Locations.aspx>) on Germann Road in Gilbert.

**What is a "Program City"?** "Program City" is a municipality that has an agreement with the Arizona Department of Revenue to act as the collecting agent for transaction privilege tax and remit it back to the municipality.

**What is the current transaction privilege (sales) tax rate?** The current transaction privilege tax rate for Gilbert is 1.5% and for the State/County combined is 6.3% for a total of 7.8%. There is an additional Gilbert tax for hotels/motels of 3.0%.

**How do I pay Gilbert tax?** Our [Brochure](#) is available online. The Arizona Department of Revenue collects Gilbert tax along with the State and County tax. Report your Gilbert tax on your [State form TPT-1](#) which is available online.

**What region code and business class should I use when reporting Gilbert tax on the TPT-1 form?** The region code for Gilbert is "GB" and the business class is "000" except for hotel/motel which is "003".

**How do I calculate my taxes due?** Taxes are calculated by stating the gross receipts for the reporting period on the tax return, entering the itemized deductions, then multiplying the resulting net taxable amount by the appropriate tax rate (6.3% for the State/County and 1.5% for Gilbert).

**What if I don't collect the tax from my customers?** It is the responsibility of the business to remit transaction privilege tax. Whether you collect it from your customers or not, the tax liability for all taxable business conducted in Gilbert must be remitted.

**Are sales to the Town of Gilbert taxable?** Yes, all sales (except sales for resale) that you make to the Town are taxed in the same manner as other taxable sales.

**Are internet sales taxable?** Yes, items sold by a business located in Gilbert via the internet to Arizona residents are taxable at the State/County rate and the Gilbert rate and must be reported on the TPT-1 form.

**Is the rental of commercial real property taxable?** Yes, commercial rentals are taxable at 1.5% for Gilbert and 0.5% for the County for a combined total of 2.0%.  
[Commercial and Residential Rental Tax Guidelines](#)

**Is the rental of residential real property taxable?** Yes, residential rentals are taxable at 1.5% for Gilbert tax only. Residential rentals are not taxed by the State or County.  
[Commercial and Residential Rental Tax Guidelines](#)

**Exemption: None** – *there is no longer an exemption for Residential Rentals, beginning on October 1<sup>st</sup>, 2010 all residential rentals are taxable.*